

## Message Text

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PAGE 01 KAMPAL 03229 271113Z

44

ACTION AF-18

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 DRC-01 /158 W

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R 270820Z OCT 73

FM AMEMBASSY KAMPALA

TO SECSTATE WASHDC 3255

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E.O. 11652: N/A

TAGS: EIND ENRG UG US

SUBJECT: GOU INTERESTED IN EQUITY PARTICIPATION IN CALTEX

1. O'SULLIVAN, LOCAL CALTEX MANAGER, CALLED ON CHARGE OCTOBER 27 TO ADVISE THAT HE HAD RECEIVED LETTER FROM GOU PROPOSING NEGOTIATIONS FOR GOU PARTICIPATION IN OWNERSHIP OF CALTEX. O'SULLIVAN RECALLED THAT CALTEX WAS ON VERGE OF SIGNING A PARTICIPATION AGREEMENT WITH GOU AT TIME OF JANUARY 1971 COUP THAT BROUGHT AMIN TO POWER. CALTEX'S PREFERENCE IS TO OPERATE HERE INDEPENDENTLY, BUT THERE MAY BE ADVANTAGES TO OFFERING A SHARE TO GOU, IN O'SULLIVAN'S OPINION. HE HAS REPLIED TO LETTER THAT HE WILL CONSULT NEW YORK AND OBTAIN A PRELIMINARY ANSWER. MEANWHILE HE WILL GO TO NAIROBI TO PREPARE A REPORT TO NEW YORK OFFICE.

2. O'SULLIVAN SAID ESSO AND MOBIL HAVE NOT REPEAT NOT RECEIVED SIMILAR OFFERS FROM GOU. IN SPECULATING ON REASON WHY CALTEX WAS SINGLED OUT, O'SULLIVAN SAID IT MAY HAVE BEEN BECAUSE CALTEX HAD BEEN MOST COOPERATIVE OF THE THREE AMERICAN COMPANIES, HAD NEARLY REACHED AGREEMENT ON EQUITY PARTICIPATION EARLIER, IS HIGHLY PROFITABLE IN TERMS OF ITS CAPITALIZATION (PROFIT OF \$400,000 WAS MADE IN 1972), AND HAS LIMITED OFFICIAL USE

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PAGE 02 KAMPAL 03229 271113Z

ALWAYS HAD GOOD RELATIONS WITH GOU. ESSO, BY CONTRAST,

MADE ENEMIES BY RESISTING GOU'S EARLIER PROPOSALS, AND MOBIL IS "SMALL POTATOES" HERE. O'SULLIVAN BELIEVES GOU, AWARE OF CALTEX'S PROFIT PICTURE (OTHER AMERICAN COMPANIES HAVE ALSO BEEN MAKING MONEY, WHEREAS SHELL, AGIP AND TOTAL, WHICH ARE ALL PARTLY GOU-OWNED, ARE LESS PROFITABLE), MAY HAVE DECIDED IT WANTED TO SHARE IN THESE EARNINGS, SO OFFERED TO NEGOTIATE WITH CALTEX FIRST, AND IF SUCCESSFUL THERE, WILL MAKE SIMILAR OFFERS TO THE TWO OTHER AMERICAN COMPANIES. O'SULLIVAN SAYS CALTEX WILL SURELY RESPOND IN SOME POSITIVE FASHION TO GOU'S APPROACH, IF ONLY TO MAINTAIN GOOD WILL OF GOVERNMENT HERE.

3. ABOVE BEING REPORTED BY CABLE BECAUSE O'SULLIVAN THINKS CALTEX NEW YORK MAY BE CONSULTING DEPARTMENT ON PRESENT CONDITIONS IN UGANDA, TO ASSIST IN FORMULATING ITS RESPONSE TO GOU.  
KEELEY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 OCT 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Previous Handling Restrictions:** n/a  
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**To:** STATE  
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